



COMMERCE COMMISSION

Terms of Reference

High speed broadband services demand side study

Background

1. The Commerce Commission's role is to promote competition in telecommunications markets for the long-term benefit of end-users of telecommunications services within New Zealand by regulating, and providing for the regulation of, the supply of certain telecommunications services between service providers¹.
2. This study is conducted under Section 9A of the Telecommunications Act 2001, which requires the Commerce Commission (Commission) to monitor competition in telecommunications markets and the performance and development of telecommunications markets and empowers the Commission to conduct inquiries, reviews and studies (including international benchmarking) into any matter relating to the telecommunications industry or the long-term benefit of end-users of telecommunications services within New Zealand.
3. The Commission emphasises the non regulatory nature of the study.
4. The Government's investment of up to \$1.5 billion into the ultra-fast broadband (UFB) project alongside private sector investment, is directed at delivering uplink speeds of up to 50Mbps and downlink speeds of at least 100 Mbps to 75% of the New Zealand population over the next ten years.
5. The Government has stated its goal for the UFB project is to "create a step-change in broadband service by delivering on an aspirational goal of achieving ultra-fast broadband for the majority of New Zealanders. This is a key part of the government's wider strategy to increase New Zealand's global competitiveness, particularly compared to other OECD countries²".
6. The Commission considers a demand side study, to identify and inform on any factors that may impede the uptake of high speed broadband services in New Zealand delivered over both fixed and wireless networks, will contribute to the long-term benefit of end-users of telecommunications services within New Zealand.
7. This document sets out the terms of reference for the demand side study.

¹ Section 18 of the Telecommunications Act 2001

² New Zealand Government. Ultra-Fast Broadband Initiative. Overview of Initiative, September 2009

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8. The proposed approach for this study is:

i. Analysis and Research

- a. To analyse the drivers of uptake of high speed fibre broadband access in other jurisdictions, including the role and impact of market structure in those jurisdictions.
- b. To identify the factors that may affect the uptake of high speed broadband services in New Zealand – including home wiring, network neutrality, peering, IP interconnection, data caps and content – and to assess whether any of those factors are likely to amount to a barrier to entry or expansion into telecommunications markets.
- c. To identify areas (e.g. e-health and e-education) where high speed broadband services could enable significant efficiencies and the steps needed to maximise these.
- d. To collate and co-ordinate existing New Zealand data and research and undertake further research to understand the views and aspirations of New Zealanders in terms of high speed broadband services.
- e. To identify appropriate steps to monitor the market as it develops, to identify problems if they arise.

The Commission is likely to engage with parties, on an informal basis, throughout the analysis and research phase.

ii. Discussion Papers

The analysis and research phase will conclude with the publication of discussion papers summarising the results and identifying any issues arising.

iii. Consultation

The discussion papers will form the basis for a consultation with interested parties, including members of the telecommunications and other relevant industries and consumer groups.

iv. Conference

A conference will follow the consultation phase, to discuss the issues identified in the discussion paper. The conference will provide an opportunity for individual presentations, panel discussions and will be a focus for pan-industry discussions.

v. Report

A final report will be prepared, which will reflect the findings of the study, taking into account submissions made at the conference and during the consultation process.

Timing

9. Draft TOR: 5 April 2011
10. Final TOR: 17 May 2011
11. Analysis and Research phase: June – October 2011
12. Discussion papers published: 30 October 2011
13. Consultation with interested parties: November – February 2011
14. Conference: February 2012
15. Final report published: April 2012

Dated: 17 May 2011